



# STATE SENATOR MURRAY CLARK

Indiana State Senate  
200 West Washington Street  
Indianapolis, Indiana 46204



## 2004 Post-Session Newsletter

visit my web site at [www.in.gov/S29](http://www.in.gov/S29)

Prst Std  
U.S. Postage  
PAID  
Indianapolis, IN  
Permit No. 7767

# Saving ICHIA

A critical new law will help protect high-risk patients

Many people wrangle with the costs and frustrations of health insurance. For those deemed high-risk, the frustration increases as options gradually decrease.

High risk patients suffer from a myriad of chronic diseases including hemophilia, HIV/AIDS, and kidney failure. Survival depends entirely on access to expensive treatments like dialysis, blood transfusions, and transplants. When a person with these health problems loses his or her insurance, the results can be financially devastating.

In 1981, the legislature created the Indiana Comprehensive Health Insurance Association (ICHIA) in order to help serve those individuals that do not qualify for Medicare or Medicaid and cannot receive coverage in the commercial health care market due to their high risk status. The

program serves approximately 9,000 Hoosiers.

Like a typical insurance policy, participants pay premiums in order to help finance the program. However, unlike typical patients, members of the high risk pool's expenses often exceed the amount paid in premiums. To help cover the losses incurred, the state calculates the net loss and then uses a formula based on a variety of factors to recover the loss among over 200 member insurance companies. In return, these companies receive tax credits for their losses, which sometimes amount to millions of dollars.

Recently, the program's financial viability came into question, forcing legislators to tackle the issue in a commission during the interim. Leaders from the insurance industry and legislators collaborated on the

problem and formulated a measure to heal the ailing system.

House Enrolled Act 1273 restructures the program's funding mechanism to ensure long-term solvency. Beginning Jan. 1, 2005, the bill makes insurers responsible for 25 percent of net losses and the state responsible for 75 percent. The bill eliminates the ability of member insurance companies to accumulate additional tax credits. However, beginning in 2007, insurers can claim up to 10 percent of their accumulated credits each year until the credits are fully utilized.

Previously, the state absorbed 100 percent of the loss via tax credits. This plan will provide adequate funding for the program, but not require state spending beyond levels that have been required to pay tax credits. So both the state and member insurance companies benefit from the plan.

ICHIA provides an invaluable service. For some citizens, their survival literally depends on the program's survival. HEA 1273 ensures ICHIA remains a choice for those without options.



# State Senator Murray Clark

Serving District 29 — Marion County



inside: read about clark's bill to protect homebuyers

## Property Taxes Remain Priority

The Indiana General Assembly started the 2004 legislative session earlier than usual to address property tax issues. Ordinarily, the legislature convenes for one day on the third Tuesday in November, called Organization Day, in order to meet and do general 'housekeeping' business.

This session, legislators conducted committee meetings and held session in November and December to attempt to ease the property tax burden for homeowners, farmers, and employers hit with higher tax bills than expected.

Due to the court-ordered property tax reassessment, some problems have surfaced in a few counties around the state. During several weeks in the fall, members of the Senate Finance Committee met around the state to gather information and evaluate state policy on property taxes.

The result of the "mini-session," Senate Enrolled Act 1, includes many of the good ideas citizens offered to help address the problems.

One of the most important provisions of SEA 1 will limit future property tax increases

### What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments' ability to raise and spend excess levies and requires any excess funds to be used to reduce future levies

es through strict controls on local government spending. In 2002, legislators tried to anticipate the effects of reassessment and passed a bill that shifted the tax burden to sales and gaming taxes in order to generate an additional \$1 billion in tax relief for property owners.

see PROPERTY TAX, page 2

## 2004 Facts & Figures

The Second Regular Session of the 113th General Assembly began on Organization Day, November 18, 2003, and adjourned March 4, 2004.

This non-budget year is known as the "short" session.

Senate bills introduced: 503  
Senate joint resolutions introduced: 10

Senate bills passed: 18  
Senate joint resolutions passed: 0

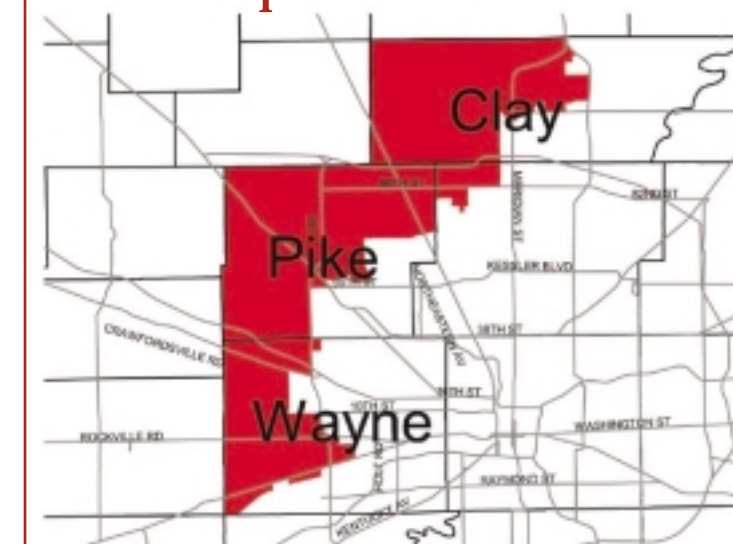
House bills introduced: 459  
House joint resolutions introduced: 7

House bills passed: 80  
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 10%

For more information about the General Assembly's 2004 session, visit us online at: [www.in.gov/S29](http://www.in.gov/S29)

## A Map of Senate District 29





## Protecting Our Children

One of the most critical issues addressed during the session is child protection. Several provisions passed this year will take Indiana one step closer to removing the problem of child abuse, neglect and molestation.

Recent cases where an innocent child has died, such as the Anthony Bars case in Indianapolis and several child protective services mishaps across the state, prompted this push to improve child services.

One of these bills sets up more safeguards for children placed through child protective services, including more extensive background checks for temporary placement homes. Anthony Bars was an Indianapolis child who was placed with a family member with a history of abuse. Anthony's caseworker had not done a criminal background check, placing him in a home where he was tragically killed. Situations like these can be avoided with the help of this legislation.

Another bill defines a child in need of services as a child who lives in the same home as a sexually abused child and lives with an adult who is a sex offender. If one child in a household is abused, statistics show that another child in that house has an 80 percent chance of being abused.

Another provision sets up a fatality review team to investigate unexpected deaths of children. Additionally, House Enrolled Act 1194 requires the state to publicly disclose information relevant to the death of a child because of abuse, abandonment or neglect.

Overall, the number of deaths related to child abuse is down in Indiana. The number dropped from 69 in 2002 to 51 in 2003. One child's death, though, is too many. The General Assembly will continue to work to give agencies the tools and guidelines they need to protect Indiana's children.

## PROPERTY TAX

CONTINUED FROM PAGE 1

Property taxes are very complex compared to other ways government programs and services are financed and the debate continued when session reconvened in

## Fairness in Lending:

Clark Sponsors Legislation to Protect Hoosier Homebuyers

Indiana has an enviable record when it comes to the realization of the American Dream. We have one of the highest rates for home ownership in the U.S. This enviable record has come about in large measure because of a favorable regulatory climate and because of Hoosier frugality.

The explosion in home ownership across the country is mainly due to the availability of credit to those families who have less than the best credit ratings. This sub-prime credit availability has been called by Alan Greenspan the "Democratization of Credit." Over the last two decades, tens of thousands of Hoosier families have found themselves in a position for the first time to buy a home.

However, this availability of credit has led to a few unwanted side effects. Many families have not made the wisest decisions when handling credit or when it came to financing their homes. The second negative phenomenon has been the rise of fraud and other unscrupulous practices by individuals who are in the business of extending credit.

Beginning in the 2000 session, the legislature has been trying to come to grips with the more negative aspects of sub-prime lending. The challenge has been to extend greater consumer protections without curtailing the availability of credit.

January. House Enrolled Act 1001 was enacted to clarify and update language in SEA 1.

Senators also recognized the need to restore the value of certain targeted property tax deductions to levels prior to the reassessment. SEA 296 updates existing

Over the past several years, about half of the states have adopted some sort of "predatory lending" law. In some of these states, the pendulum has swung too far in the direction of protection, thus curbing the availability of credit. In other states, some would argue, the pendulum did not go far enough to protect consumers.

In Indiana, I'm very happy to report a balance has been struck that found the active support of the lending community, as well as that of consumer activists. We are the first state to achieve this balance.

HEA 1229, which I co-sponsored, will extend real consumer protections, while insuring the availability of credit. For the first time in this country, we will fund a Home Ownership Protection unit within the Attorney General's office that will actively pursue and prosecute fraudsters involved in bilking home buyers.

Indiana conservatism usually means that we are not on the cutting edge of most issues. However, with the passage of HEA 1229, it quite likely will become a model for the rest of the country. Those states that have yet to address the issue, as well as those who have already enacted a "predatory lending" law, may want to take a close look at Indiana's solutions to this vexing problem.

deductions for the elderly, blind or disabled, wartime service disabled, disabled veteran, surviving spouse of a WWI veteran, WWI veteran, residential property rehabilitation, historic property rehabilitation, and residentially distressed area property rehabilitation.

## WORKING for Indiana JOBS

In 2003, the Senate passed legislation with significant economic development measures, dubbed the JOBS plan. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find jobs.

Despite a \$1 billion state budget deficit, the Senate has continued to seek new ways to foster a more a competitive atmosphere for businesses in Indiana.

One critical bill, House Enrolled Act 1365, passed the Senate this session and should provide some new momentum for our economic development efforts. It is a combination of several bills that focus on expanding small business investment, improving research and development and encouraging growth around the state.

### Economic Development Provisions in HEA 1365

- Makes research and investment tax credits permanent. **Economic Importance:** Businesses will have confidence to invest in creating innovative new products knowing the credits are stable.
- Adds the Emerging Technology Grant Fund to the 21st Century Research and Technology Fund. **Economic Importance:** The Fund will match federal grants for small-sized technology-based businesses to accelerate the commercialization of new discoveries in the life sciences, information technology, advanced manufacturing, or logistics industries.
- Gives tax incentives to businesses who locate new or expanded operations on closed military bases. **Economic Importance:**



Senator Clark speaks on the Senate floor to explain the benefits and inner workings of House Bill 1229. The bill passed both the House and Senate and has been signed into law by the governor. It offers protections for homebuyers while balancing the needs of the lending industry. For more information, see story on page 2.

Incentives given to businesses on Grissom Air Force Base, Fort Benjamin Harrison and Crane Naval Surface Warfare Center will spark the local economy. New tax incentives are vital due to the elimination of the inventory tax by 2007.

- Improves rules regarding Community Revitalization Enhancement Districts (CREDS). **Economic Importance:** CREDS are important economic development tools for the downtown areas of our cities. Expanding and improving CREDS will further these efforts.
- Allows local governments to assess an annual fee to recipients of tax abatements. **Economic Importance:** The fee would be used by local economic development boards to help provide more jobs within the area. It would help small rural communities that do not have big budgets for economic development.
- Repeals the sales tax on complimentary hotel rooms. **Economic Importance:** Indiana will be more competitive with other states in attracting tourism and convention business.

## Governor Robert D. Orr's Hoosier Legacy Lives On

On March 10th, 2004, former Governor Robert D. Orr died. With his passing, all of us faced the passing of a beloved statesman and Hoosier for the second time in six months. Bob Orr served as Indiana's lieutenant governor from 1973-1981, and then as our 45th governor from 1981-1989. As governor, he proposed and saw the passage of his sweeping "A-Plus" education package that extended the school year, required student achievement exams and established a new school accreditation system based on performance with rewards for schools that showed improvement. He also successfully championed a program entitled "PrimeTime," targeted at the reduction of class sizes in kindergarten through third grade.

Other initiatives crafted during Orr's term as governor included the creation of a utility consumer counselor to represent ratepayers, the overhaul of Indiana's state-run mental hospitals, the creation of the Department of Environmental Management and the creation of a state-controlled welfare system.

His leadership led to passage of the state's open records law and the transfer of control of the state's license branches, then a patronage system run by the state's political parties, to a bipartisan commission.

Orr also worked hard to attract Japanese and other foreign investment to Indiana. In 1986, he and Lt. Gov. John Mutz landed the \$500 million Subaru-Isuzu plant in Lafayette. After leaving office in 1989, he was named U.S. ambassador to Singapore.

Kendall Cochran, who worked on Gov. Orr's staff for 16 years during his tenure as Lt. Governor and Governor, spoke at the memorial service on March 16 in the Statehouse Rotunda. Kendall said, "Bob Orr left this state and this nation a better place, and I happen to believe that was always his plan. Bob Orr, an accomplished student of history, now has his own chapter in history. I speak for hundreds here today when I say: You were our teacher, our mentor and you are forever our friend. Goodbye, Governor Orr. We will miss you more than you could ever know."